

Message Text

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ACTION ARA-20

INFO OCT-01 ADP-00 L-03 H-03 NSC-10 CIAE-00 INR-10 NSAE-00

PA-03 RSC-01 USIA-12 PRS-01 EB-11 COME-00 OPIC-12

AID-20 TRSE-00 RSR-01 /108 W
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R 171615Z JUL 73

FM AMEMBASSY PORT AU PRINCE
TO SECSTATE WASHDC 6721

C O N F I D E N T I A L PORT AU PRINCE 1193

E.O. 11652: GDS

TAGS: EFIN, EIND, HA

SUBJ: US INVESTMENT - PROBLEMS OF ELECTRIC POWER COMPANY

1. FINANCE SECRETARY FRANCISQUE HAS DONE IT AGAIN.
EVERETT SHREWSBURY, LONG-TIME GENERAL MANAGER OF US-OWNED
ELECTRIC UTILITY COMPAGNIE D'ECLAIRAGE ELECTRIC, CALLED
AT EMBASSY JULY 16 TO PROVIDE INFORMATION ON DIFFICULTIES
COMPANY IS HAVING WITH GOH IN SETTLING GOVERNMENT'S
INDEBTEDNESS AND CLOSING BOOKS ON COMPANY'S OPERATIONS IN
HAITI. DEPARTMENT WILL RECALL THAT US ELECTRIC COMPANY
TURNED OVER TO GOH ITS GENERATING PLANTS AND DISTRIBUTION
SYSTEMS IN PORT-AU-PRINCE AND CAP HAITIEN AT EXPIRATION OF
ITS 62-YEAR CONCESSION END OF AUGUST 1971, JUST AFTER
INSTALLATION OF FIRST TURBINE AT PELIGRE DAM. PARENT
COMPANY IS PHILLIPS ELECTRONICS AND PHARMACEUTICALS, A
DELAWARE CORPORATION WITH HEAD OFFICE IN NEW YORK.

2. ACCORDING TO SHREWSBURY, GOH AT THAT TIME OWED \$2.8
MILLION IN BACK ELECTRIC BILLS TO COMPANY, AND COMPANY
OWED GOH \$823,000 IN BACK CORPORATE INCOME TAXES.
PROTRACTED NEGOTIATIONS OVER PERIOD OF MANY MONTHS WITH
DIRECTORS OF NEWLY-FORMED GOH-OWNED UTILITY ELECTRICITE
D'HAITI, AND DETAILED CONSIDERATION OF VARIOUS OFFSETTING
CLAIMS, RESULTED FINALLY IN AGREED NET FIGURE DUE US COMPANY
OF \$800,000. ALL BUT ONE OF MEMBERS OF ELECTRICITE D'HAITI
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BOARD OF DIRECTORS (INCLUDING NATIONAL BANK DIRECTOR ANDRE,

THEN COMMERCE SECRETARY JEAN-PIERRE AND PUBLIC WORKS SECRETARY BONHOMME) SIGNED ACCORD TO THIS EFFECT. GOH BOND ISSUANCE TO PAY COMPANY WAS AUTHORIZED BY LAW OF JULY 1972.

3. FINANCE SECRETARY FRANCISQUE, ACCORDING TO SHREWSBURY, AGREED ORALLY TO SETTLEMENT BUT DRAGGED HIS FEET ON SIGNING. MONTHS MORE WENT BY AND RECENTLY, ON JULY 11, 1973, FRANCISQUE IN CONFERENCE WITH US COMPANY OFFICIALS CHALLENGED ONE MAJOR OFFSETTING CLAIM AGAINST COMPANY AND STATED DETERMINATION OF FINAL NET FIGURE (PRESUMABLY LOWER THAN \$800,000) WILL HAVE TO AWAIT TECHNICAL SURVEY OF PLANT AND DISTRIBUTION SYSTEM TO BE ACCOMPLISHED BY UN TECHNICIANS.

4. SHREWSBURY EXPLICITLY STATED ABOVE WAS FOR EMBASSY'S INFORMATION, THAT HE IS NOT REQUESTING ANY ACTION AT THIS TIME. HIS COMPANY PRINCIPALS IN NEW YORK, HOWEVER, ARE EXPECTED TO BE IN TOUCH WITH DEPARTMENT IN NEXT FEW WEEKS. SHREWSBURY NOTED THAT COMPANY IS WELL AWARE OF US LEGISLATION SUCH AS HICKENLOOPER AMENDMENT AND PROBABLY WILL INQUIRE OF DEPARTMENT ALONG THOSE LINES.

5. COPIES OF MEMORANDUM ON SUBJECT LEFT BY SHREWSBURY AND LETTER TO FRANCISQUE FROM COMPANY LAWYER GEORGES LEGER BEING POUCHED TO ARA/CAR.
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